

Regulatory Approach Statement

Overview

The Net Zero Economy Authority (the Authority) is established under the *Net Zero Economy Authority Act 2024* (the Act). The Act also establishes the Authority's regulatory responsibilities under Part 5 of the Act – the Energy Industry Jobs Plan (EIJP) – with the Chief Executive Officer (CEO) as the statutory decision maker.

The Authority is committed to supporting an orderly and positive economic transformation as Australia transitions to a net zero emissions economy. Our regulatory approach is designed to support this transformation, particularly for workers and communities affected by closing coal and gas fired power stations.

The EIJP has finite application with coverage only over closing coal and gas fired power stations, as well as relevant businesses within the supply chain.

Under section 68 of the Act, the CEO is required to promote and monitor compliance with employer obligations under Part 5. These functions are active once a community of interest determination is made by the Fair Work Commission (FWC), and are not discretionary. To ensure these obligations are fulfilled in a legally defensible and procedurally fair manner, the Authority must establish clear systems, protocols and communications prior to any regulatory action.

Our approach reflects the Authority's role as a Commonwealth regulator, and is guided by principles of transparency, consistency, and fairness. It supports employers and stakeholders to understand their obligations, facilitates early engagement, and ensures that regulatory actions are informed by evidence and responsive to the context in which obligations arise.

Our role

The Authority is one of several institutions established to support Australia reach net zero emissions by 2050. Under the Act, the Authority plays a regulatory role in supporting workers and communities affected by the closure of coal and gas-fired power stations.

The Authority's functions under Part 5 of the Act include:

- **Facilitator:** we work to secure a better future for Australia's industrial regions by supporting strong local economies and helping workers access safe, secure and well-paid jobs. We engage with employers and communities to understand local impacts and identify opportunities for workforce transition.
- **Regulator:** we consult with stakeholders during the community of interest process and, where appropriate, apply to the FWC to establish an Energy Industry Jobs Plan (EIJP). The FWC independently assesses each application and determines which employers are covered. During this process, unions and other parties may nominate additional employers for consideration.
- **Educator and monitor:** We promote and monitor compliance with employer obligations under the EIJP, including by providing information, advice, education and assistance to closing, dependent and receiving employers, and their employees. These functions are active once a community of interest determination is made and are carried out in accordance with section 68 of the Act.

- **Supporter of enforcement:** We contribute to enforcement processes through applications to the FWC and the courts, including under the *Regulatory Powers (Standard Provisions) Act 2014* (Cth). While we do not issue penalties directly, we may initiate proceedings or support enforcement actions where necessary. Unions and other parties also play a role in ensuring compliance with EIJP obligations.

Our principles

The Authority's regulatory approach is guided by principles that reflect our commitment to fairness, transparency and effective support for workers and communities affected by energy system change. These principles ensure our actions are consistent with the Authority's statutory obligations under the Act, and are responsive to the needs and circumstances of those we regulate.

- **Risk-based and data driven** – we focus our efforts where the risk of non-compliance or harm to workers and communities is greatest. Our actions are informed by best practice approaches to workforce transition and supported by a wide range of qualitative and quantitative data, including labour market trends, regional economic conditions and stakeholder input.
- **Reasonableness** – our decisions are evidence-based and guided by what is reasonable in the circumstances. We apply the principles of natural justice and treat all stakeholders fairly and without favouritism. We act honestly, consistently and in accordance with the Commonwealth's obligation to act as a model litigant.
- **Proportionality** – we align our regulatory actions with the nature and severity of the issue, having regard to the impact on affected workers, communities and local economies. We prioritise actions that support strong regional outcomes and uphold public confidence in the Authority's role.
- **Timely intervention** – we act early to support workers and communities, including initiating community of interest processes well in advance of scheduled closures. We respond quickly to emerging issues to minimise uncertainty and ensure that support is available when it is most needed.
- **Supporting productivity** – our regulatory actions will also contribute to broader productivity objectives by facilitating efficient workforce transitions and sustaining strong regional economies.

Our approach

The Authority's regulatory approach is designed to ensure that employers understand and meet their obligations under the EIJP, and that workers and communities affected by power station closures are supported through a fair and orderly transition. Our approach is grounded in the Authority's statutory responsibilities under Part 5 of the Act, and reflects our commitment to transparency, consistency and early engagement. We work collaboratively with stakeholders to ensure that regulatory actions are informed by evidence, responsive to context, and delivered in a way that supports positive outcomes for affected regions.

Community of interest processes

As an initial step, the Authority undertakes a community of interest process to assess the impact of a power station closure on employers and workers. This process helps determine whether an EIJP should be established and which employers may be covered.

We consult with stakeholders to understand existing workforce transition supports and identify whether additional measures are needed. This includes assessing each business to understand the likely effects of closure on its operations and employees.

The assessment considers:

- the objects of the Act, including supporting workers and communities to manage the impacts and share in the benefits of the transition to net zero;
- the existing supports available to help employees find other employment;
- the number of employees affected and the estimated number seeking transition support; and
- the capacity of employers to redeploy affected employees within their own operations or through other local businesses.

The Authority must individually assess supply chain businesses likely to be substantially impacted. We work collaboratively with employers and request only the information necessary to complete our statutory assessment. At the commencement of a community of interest process, the Authority may issue an initial notice under section 64 of the Act, requiring relevant information or documents. This notice is intended to support education and voluntary compliance. Enforcement action will only be considered if a final notice is issued and not complied with.

This process ensures that any application to the FWC is based on accurate information and reflects the circumstances of each employer. It also supports procedural fairness by providing employers with clear expectations and an opportunity to engage before any regulatory decisions are made.

Compliance

The Authority encourages voluntary compliance with employer obligations under the EIJP. We support employers by providing clear guidance, timely information and opportunities to engage early in the regulatory process.

Where necessary, we may take regulatory action to uphold the integrity of the Act and ensure that obligations under Part 5 are met. This includes initiating proceedings under the *Regulatory Powers (Standard Provisions) Act 2014* (Cth) or applying to the FWC under section 62 of the Act. Enforcement action may be considered in response to:

- non-compliance with a FWC determination;
- failure to meet obligations under sections 58–59 of the Act;
- matters of public concern or systemic risk; or
- the need to clarify legal or policy issues.

We will prioritise responses to matters that present significant risk to workers, communities, or compliance outcomes, ensuring transparency and fairness in addressing issues that impact public confidence.

All compliance actions are undertaken in accordance with procedural fairness and the Commonwealth's obligation to act as a model litigant. Our approach ensures that employers are given adequate notice of their obligations and an opportunity to respond before any enforcement action is taken.

Delivering a fair and effective regulatory function

The Authority's regulatory approach is designed to support a fair, transparent and effective implementation of the EIJP. By promoting understanding, encouraging voluntary compliance,

and taking proportionate action where necessary, we aim to uphold the integrity of the Act and deliver positive outcomes for workers, employers and communities.

Our approach reflects the Authority's commitment to early engagement, procedural fairness and continuous improvement. As the energy transition progresses, we will continue to refine our tools, systems and engagement strategies to ensure that our regulatory function remains responsive, consistent and aligned with the expectations of government and the public.